

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM  
INVESTMENT PERFORMANCE REPORT AS OF JANUARY 31, 2004**

	January-04				December-03				September-03				Current	Prior Year	3 Years	5 Years
	Allocation		Month	Net ROR	Allocation		Quarter	Net ROR	Allocation		Quarter	Net ROR	Fiscal YTD	FY03	Ended	Ended
	Market Value	Actual	Policy		Market Value	Actual	Policy		Market Value	Actual	Policy		Net ROR	Net ROR	6/30/2003	6/30/2003
LARGE CAP DOMESTIC EQUITY																
Structured Growth																
LA Capital	57,549,361	4.4%	4.5%	1.65%	56,596,294	4.4%	4.5%	9.09%	51,838,717	4.4%	4.5%	N/A	N/A	N/A	N/A	N/A
AllianceBernstein	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	-1.48%	-20.46%	-5.64%
Total Structured Growth	57,549,361	4.4%	4.5%	1.65%	56,596,294	4.4%	4.5%	9.09%	51,838,717	4.4%	4.5%	6.61%	18.22%	-1.48%	-20.46%	-5.64%
Russell 1000 Growth				2.04%				10.41%				3.92%	17.08%	2.93%	-21.55%	-5.04%
Structured Value																
LSV	64,007,693	4.9%	4.5%	2.59%	62,431,391	4.9%	4.5%	15.58%	54,142,627	4.6%	4.5%	3.33%	22.52%	-2.05%	9.06%	3.95%
Russell 1000 Value				1.76%				14.19%				2.06%	18.59%	-1.02%	-2.19%	-0.17%
Enhanced Russell 1000 Index																
LA Capital	59,703,307	4.6%	4.5%	1.91%	58,574,591	4.6%	4.5%	11.77%	52,397,265	4.5%	4.5%	2.87%	17.17%	1.08%	N/A	N/A
Russell 1000				1.90%				12.26%				3.00%	17.83%	0.96%	N/A	N/A
Enhanced S&P 500 Index																
Northern Trust	56,586,492	4.4%	4.5%	2.06%	55,434,137	4.4%	4.5%	12.40%	49,310,551	4.2%	4.5%	2.50%	17.58%	0.28%	N/A	N/A
Strong	58,180,682	4.5%	4.5%	1.95%	57,156,326	4.5%	4.5%	12.76%	50,694,242	4.3%	4.5%	2.89%	18.28%	3.30%	N/A	N/A
Westridge	61,478,661	4.7%	4.5%	1.85%	60,396,621	4.7%	4.5%	12.22%	53,820,227	4.6%	4.5%	2.65%	17.32%	0.56%	N/A	N/A
Total Enhanced S&P 500 Index	176,245,835	13.6%	13.5%	1.95%	172,987,083	13.6%	13.5%	12.46%	153,825,020	13.1%	13.5%	2.68%	17.72%	1.35%	N/A	N/A
S&P 500				1.84%				12.18%				2.64%	17.26%	0.24%	N/A	N/A
S&P 500 Index																
State Street	39,915,730	3.1%	3.0%	1.83%	39,199,011	3.1%	3.0%	12.16%	34,944,955	3.0%	3.0%	2.64%	17.23%	0.31%	-11.14%	-1.58%
S&P 500				1.84%				12.18%				2.64%	17.26%	0.24%	-11.20%	-1.61%
TOTAL LARGE CAP DOMESTIC EQUITY	397,421,926	30.6%	30.0%	1.99%	389,788,370	30.6%	30.0%	12.31%	347,148,586	29.7%	30.0%	3.02%	18.00%	0.49%	-9.68%	-2.32%
S&P 500				1.84%				12.18%				2.64%	17.26%	0.24%	-11.20%	-1.61%
SMALL CAP DOMESTIC EQUITY																
Manager-of-Managers																
SEI	142,287,337	11.0%	10.0%	4.64%	135,948,739	10.7%	10.0%	14.87%	122,768,785	10.5%	10.0%	9.68%	31.84%	0.68%	N/A	N/A
Russell 2000 + 200bp				4.51%				15.07%				9.60%	31.81%	0.37%	N/A	N/A
TOTAL SMALL CAP DOMESTIC EQUITY	142,287,337	11.0%	10.0%	4.64%	135,948,739	10.7%	10.0%	14.87%	122,768,785	10.5%	10.0%	9.68%	31.84%	0.68%	-3.37%	-0.65%
Russell 2000				4.34%				14.52%				9.07%	30.34%	-1.64%	-3.30%	0.97%
INTERNATIONAL EQUITY																
Large Cap - Core																
State Street	29,528,957	2.3%	2.0%	1.71%	29,040,623	2.3%	2.0%	14.32%	25,214,812	2.2%	2.0%	6.08%	23.34%	-9.96%	-13.28%	-4.72%
MSCI EAFE - 50% Hedged				1.37%				13.15%				6.58%	22.25%	-11.24%	-14.65%	-4.18%
Large Cap - Active																
Capital Guardian	71,022,711	5.5%	5.0%	1.45%	70,169,475	5.5%	5.0%	13.62%	61,325,566	5.2%	5.0%	7.45%	23.84%	-11.30%	-14.96%	0.47%
Bank of Ireland	14,012,072	1.1%	1.0%	1.47%	13,799,845	1.1%	1.0%	17.43%	11,668,820	1.0%	1.0%	2.64%	22.31%	-10.28%	N/A	N/A
Total Large Cap - Active	85,034,783	6.5%	6.0%	1.45%	83,969,319	6.6%	6.0%	14.22%	72,994,387	6.2%	6.0%	6.65%	23.59%	-11.12%	-14.58%	0.74%
MSCI EAFE - 50% Hedged				1.37%				13.15%				6.58%	22.25%	-11.24%	-14.65%	-4.18%
Small Cap - Active																
Lazard	14,395,301	1.1%	1.0%	3.24%	13,934,493	1.1%	1.0%	14.41%	13,370,769	1.1%	1.0%	10.66%	30.71%	-2.32%	N/A	N/A
Wellington	14,289,232	1.1%	1.0%	2.63%	13,909,184	1.1%	1.0%	11.59%	14,027,503	1.2%	1.0%	17.22%	34.24%	5.97%	N/A	N/A
Total Small Cap - Active	28,684,533	2.2%	2.0%	2.93%	27,843,677	2.2%	2.0%	12.90%	27,398,271	2.3%	2.0%	13.94%	32.41%	1.75%	N/A	N/A
Citigroup Broad Market Index < \$2BN				4.20%				13.31%				15.95%	36.90%	3.91%	N/A	N/A
TOTAL INTERNATIONAL EQUITY	143,248,274	11.0%	10.0%	1.80%	140,853,620	11.1%	10.0%	13.97%	125,607,470	10.7%	10.0%	8.04%	25.34%	-8.22%	-12.63%	-0.99%
MSCI EAFE - 50% Hedged				1.37%				13.15%				6.58%	22.25%	-11.24%	-14.65%	-4.18%
EMERGING MARKETS EQUITY																
Capital Guardian	75,389,230	5.8%	5.0%	4.37%	72,232,247	5.7%	5.0%	14.85%	66,631,691	5.7%	5.0%	14.62%	37.39%	7.15%	-10.61%	1.62%
MSCI Emerging Markets Free				3.55%				17.81%				14.23%	39.35%	6.96%	-7.07%	2.49%
DOMESTIC FIXED INCOME																
Core Bond																
Western Asset	35,699,322	2.7%	3.2%	0.92%	35,371,780	2.8%	3.2%	1.24%	34,417,610	2.9%	3.1%	-0.47%	1.69%	13.42%	11.88%	8.58%
Lehman Aggregate				0.80%				0.32%				-0.15%	0.98%	10.39%	10.07%	7.54%
Active Duration																
WestAM (Criterion)	34,909,568	2.7%	3.2%	0.77%	34,671,173	2.7%	3.2%	0.31%	34,018,566	2.9%	3.1%	-0.40%	0.68%	9.93%	9.39%	6.85%
Lehman Aggregate				0.80%				0.32%				-0.15%	0.98%	10.39%	10.07%	7.54%
Index																
Bank of ND	54,972,982	4.2%	5.0%	0.88%	54,493,573	4.3%	4.9%	-0.10%	54,655,238	4.7%	4.8%	-0.73%	0.03%	12.59%	11.06%	7.79%
Bank of ND Match Loan CD Program	13,604,709	1.0%	1.0%	0.00%	13,540,670	1.1%	1.1%	1.41%	13,516,361	1.2%	1.2%	1.43%	2.86%	5.83%	5.84%	5.85%
Total Index	68,577,690	5.3%	6.0%	0.68%	68,034,243	5.3%	6.0%	0.23%	68,171,600	5.8%	6.0%	-0.21%	0.70%	10.77%	10.08%	7.44%
Lehman Gov/Credit				0.91%				-0.03%				-0.50%	0.37%	13.15%	10.82%	7.83%

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	Allocation		Month	Net ROR	Allocation		Quarter	Net ROR	Allocation		Quarter	Net ROR	Fiscal YTD	FY03	Ended	Ended
	Market Value	Actual	Policy		Market Value	Actual	Policy		Market Value	Actual	Policy		Net ROR	Net ROR	Net ROR	Net ROR
Convertibles																
TCW	39,155,908	3.0%	3.2%	2.15%	38,305,398	3.0%	3.2%	10.00%	35,017,988	3.0%	3.1%	1.84%	14.43%	10.37%	-9.08%	N/A
First Boston Convertible Index				2.01%				8.54%				2.67%	13.68%	15.35%	-3.81%	N/A
BBB Average Quality																
Strong	35,472,528	2.7%	3.2%	1.12%	35,035,789	2.8%	3.2%	1.47%	34,720,841	3.0%	3.1%	0.16%	2.77%	14.81%	10.35%	N/A
Lehman BBB				1.13%				1.22%				0.27%	2.64%	18.33%	9.91%	N/A
Timberland																
Evergreen (Wachovia)	69,206,355	5.3%	5.3%	2.06%	67,777,483	5.3%	5.3%	6.11%	64,138,631	5.5%	5.5%	-0.15%	8.13%	12.50%	N/A	N/A
															N/A	N/A
TOTAL DOMESTIC FIXED INCOME	283,021,371	21.8%	24.0%	1.31%	279,195,865	21.9%	24.0%	3.16%	270,485,236	23.1%	24.0%	0.11%	4.62%	11.62%	6.95%	6.77%
Lehman Aggregate				0.80%				0.32%				-0.15%	0.98%	10.39%	10.07%	7.54%
HIGH YIELD BONDS																
Western Asset	65,598,592	5.1%	5.0%	0.99%	64,957,984	5.1%	5.0%	5.54%	61,549,306	5.3%	5.0%	1.99%	8.70%	20.04%	2.51%	4.15%
Lehman High Yield Bond Index				1.91%				5.91%				2.77%	10.93%	22.77%	5.44%	2.66%
INTERNATIONAL FIXED INCOME																
International Sovereign																
UBS Global (Brinson)	30,983,252	2.4%	2.5%	0.01%	30,970,189	2.4%	2.5%	6.49%	27,027,414	2.3%	2.5%	3.18%	9.89%	18.20%	8.47%	5.93%
Citigroup Non-US Gov't Bond Index (1)				0.12%				6.71%				2.75%	9.77%	17.91%	8.10%	6.29%
International Core																
Brandywine	31,173,610	2.4%	2.5%	-0.57%	31,323,368	2.5%	2.5%	7.30%	26,451,362	2.3%	2.5%	1.51%	8.30%	N/A	N/A	N/A
Lehman Global Aggregate (ex-US)				0.08%				6.77%				2.76%	9.81%	N/A	N/A	N/A
TOTAL INTERNATIONAL FIXED INCOME	62,156,862	4.8%	5.0%	-0.28%	62,293,557	4.9%	5.0%	6.91%	53,478,776	4.6%	5.0%	2.34%	9.11%	17.83%	8.36%	5.86%
Citigroup Non-US Gov't Bond Index (1)				0.12%				6.71%				2.75%	9.77%	17.91%	8.10%	6.29%
REAL ESTATE																
JMB	16,912			0.00%	16,912			12.83%	26,405			-8.75%	2.96%	-18.62%	-5.76%	0.42%
INVESCO	32,869,479			0.12%	32,830,521			2.16%	25,898,627			0.37%	2.66%	8.15%	8.00%	7.69%
J.P. Morgan	32,739,592			0.49%	32,580,709			3.16%	31,584,102			2.43%	6.17%	7.80%	7.36%	10.23%
TOTAL REAL ESTATE	65,625,983	5.1%	5.0%	0.29%	65,428,141	5.1%	5.0%	2.63%	57,509,135	4.9%	5.0%	1.36%	4.33%	7.97%	7.69%	9.00%
NCREIF TOTAL INDEX				0.91%				2.76%				1.97%	5.74%	7.64%	8.51%	10.16%
ALTERNATIVE INVESTMENTS																
Brinson IVCF II	197,975			0.00%	199,179			11.72%	275,245			-0.23%	11.46%	-7.44%	-23.62%	10.02%
Coral Partners II	118,546			0.00%	115,719			2.23%	167,358			9.73%	12.18%	10.56%	-36.34%	-15.79%
Coral Partners V	10,469,846			0.00%	10,466,835			-1.26%	10,093,446			-6.88%	-8.05%	-22.52%	-20.83%	-9.87%
Coral Partners V - Supplemental	942,239			0.00%	520,734			-0.95%	525,087			-15.67%	-16.47%	-28.36%	N/A	N/A
Coral Partners VI	2,720,921			0.00%	1,568,769			-4.63%	1,642,935			-12.18%	-16.25%	N/A	N/A	N/A
Brinson 1998 Partnership Fund	1,783,689			0.00%	1,783,176			2.36%	1,842,152			4.07%	6.53%	-14.73%	-11.35%	1.31%
Brinson 1999 Partnership Fund	2,393,015			0.00%	2,392,327			4.99%	2,275,838			0.98%	6.02%	-16.31%	-14.42%	N/A
Brinson 2000 Partnership Fund	4,069,467			0.00%	4,068,297			2.47%	3,659,166			0.67%	3.15%	-13.99%	-9.08%	N/A
Brinson 2001 Partnership Fund	1,576,807			0.00%	1,246,887			-1.11%	1,259,372			0.43%	-0.68%	-5.98%	N/A	N/A
Brinson 2002 Partnership Fund	843,521			0.00%	843,278			-1.16%	852,192			12.21%	10.91%	9.08%	N/A	N/A
Brinson 2003 Partnership Fund	82,424			0.00%	82,400			-0.24%	82,498			-3.58%	-3.81%	N/A	N/A	N/A
Brinson 1999 Non-US Partnership Fund	1,145,074			0.00%	1,144,744			5.58%	1,246,189			6.32%	12.25%	13.12%	2.21%	N/A
Brinson 2000 Non-US Partnership Fund	1,543,617			0.00%	1,543,173			0.52%	1,533,423			2.82%	3.35%	9.50%	-1.63%	N/A
Brinson 2001 Non-US Partnership Fund	848,540			0.00%	848,296			1.18%	837,408			7.50%	8.77%	-0.41%	N/A	N/A
Brinson 2002 Non-US Partnership Fund	1,285,426			0.00%	1,285,056			0.96%	1,158,626			3.71%	4.71%	5.34%	N/A	N/A
Brinson 2003 Non-US Partnership Fund	219,352			0.00%	219,289			0.05%	75,361			-0.05%	0.00%	N/A	N/A	N/A
Brinson BVCF IV	6,725,408			0.00%	5,866,060			-3.67%	6,082,204			-1.02%	-4.65%	-14.64%	-18.80%	N/A
Matlin Patterson Global Opportunities	13,185,532			0.00%	13,740,120			10.99%	12,364,863			0.00%	10.99%	N/A	N/A	N/A
InvestAmerica	1,740,349			0.00%	1,739,848			0.00%	1,737,784			0.00%	0.00%	-12.50%	N/A	N/A
Hearthstone MSII	1,974,489			0.00%	1,973,922			15.36%	2,348,807			5.06%	21.20%	28.98%	13.57%	N/A
Hearthstone MSIII	4,585,681			0.00%	4,988,857			0.00%	293,462			N/A	N/A	N/A	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (2)	58,451,917	4.5%	5.0%	0.00%	56,636,966	4.4%	5.0%	3.18%	50,353,415	4.3%	5.0%	-0.91%	2.25%	-9.65%	-13.02%	0.04%
CASH EQUIVALENTS																
Northern Trust STIF/STEP	5,658,080	0.4%	1.0%	0.15%	6,680,284	0.5%	1.0%	0.32%	14,952,391	1.3%	1.0%	0.35%	0.83%	1.84%	3.33%	4.22%
90 Day T-Bill				0.08%				0.26%				0.25%	0.59%	1.52%	3.33%	4.07%
TOTAL FUND	1,298,859,572	100.0%	100.0%	1.89%	1,274,015,774	100.0%	100.0%	9.11%	1,170,484,789	100.0%	100.0%	3.84%	15.44%	5.46%	-1.91%	2.68%
POLICY TARGET BENCHMARK				1.64%				8.24%				3.39%	13.75%	4.63%	-2.62%	2.52%

**NOTE: Monthly returns and market values are preliminary and subject to change.**

(1) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.